



Grants Management Policy



Policy Name	Indirect Cost Rate Policy		
Policy #	GP1.4	Policy Section	Processing
Date Approved	5/20/19	Approved By	<i>Sarah Hendrix</i> Deputy Associate Superintendent, Grants Management
Date Updated	N/A		

Audience

This policy pertains to Local Education Agencies (LEAs).

Purpose

The purpose of this policy is to clarify the LEAs responsibilities when requesting an indirect cost rate (IDC) and recovering indirect cost.

Overview

Federal grants allow recipients to recover a portion of their grant allocation for indirect costs purposes, based on their negotiated IDC rate. This provides an opportunity for Local Education Agencies (LEAs) to utilize federal grant monies for items not directly related to grant guidelines. Funds are generally used for facilitates and administration costs, but this is not required.

Terms

Direct Costs are those costs that can be identified specifically with a particular cost objective.

Indirect Costs are those expenditures that are incurred for the joint benefit of more than one project.

Restricted Indirect Cost is used for grants which the supplement, not supplant, provision applies.

Supplement, not Supplant, provision: Federal funds must be used to supplement, and in no case, supplant, state and location resources.

Exception

This policy does not apply to County educational agencies and non-LEAs.

Policy

The indirect cost (IDC) rate applies only to federally funded projects. ADE’s methodology for calculating the IDC rate is approved and certified through the United States Department of Education. A copy of the approval letter is posted on ADE’s website. This methodology is used to determine the LEA’s IDC rate. Requesting an IDC rate is not mandatory, it is the LEA’s choice.



Grants Management Policy



LEAs that want to recover the IDC rate must request it from ADE for grants issued by ADE. However, the IDC rate provided to the LEA by ADE may be applied to non-ADE grant monies, contact the non-ADE grantor to determine if this is appropriate. An LEA may request an IDC rate for the current fiscal year up to the last day of that fiscal year. ADE will review the request and calculate the appropriate IDC rate.

To request an IDC rate the LEA must complete the IDC data sheet in the GME system. The IDC data sheet requires expenditure information from two years prior, for example when applying for FY20 the expenditure information would be for FY18. New LEAs are not immediately eligible for an IDC rate, and must wait to apply until they can provide the expenditure history needed to complete the IDC data sheet.

It is the LEAs responsibility, when completing the IDC data sheet, to classify each item as direct or indirect, restricted or unrestricted, based on the definition. Once an expenditure is categorized as direct or indirect it must be categorized in that manner for all projects and activities, regardless of the source of funding (food, capital objects and debt are always excluded from the IDC rate calculation) but must be included on the data sheet. The restricted rate should be used for grants that adhere to the supplement, not supplant, provision. By completing the IDC data sheet the LEA is certifying that the information is true and accurate. ADE reserves the right to request additional information and to initiate a fiscal monitoring process when applicable.

In order to recover the IDC rate the LEA must include it in the budget. The amount of the calculated IDC rate will not increase the grant allocation total. The IDC rate will be a percentage of the maximum grant monies approved, however, the LEA can only recover the percentage of actual grant monies expended. After the LEA receives an IDC rate it must be included in the funding application budget before a reimbursement request can be processed for the approved IDC amount. It is not required that all IDC monies be recovered by the LEA.